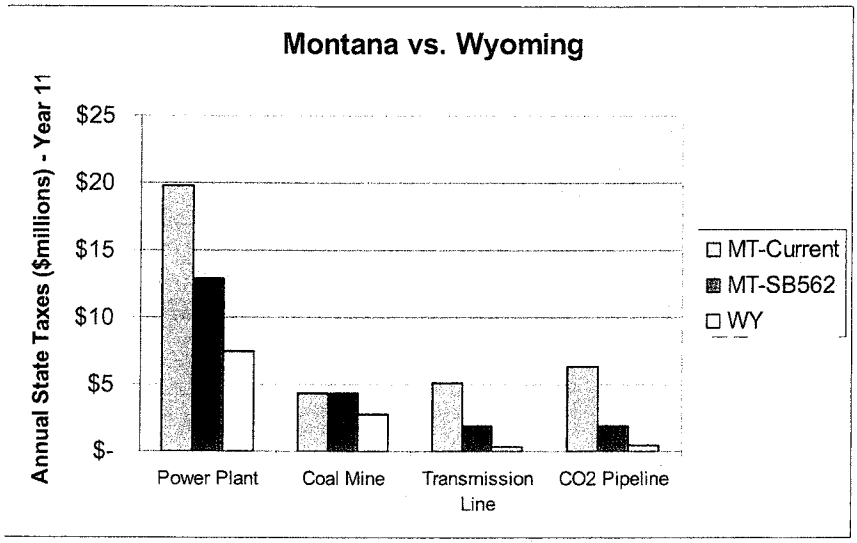
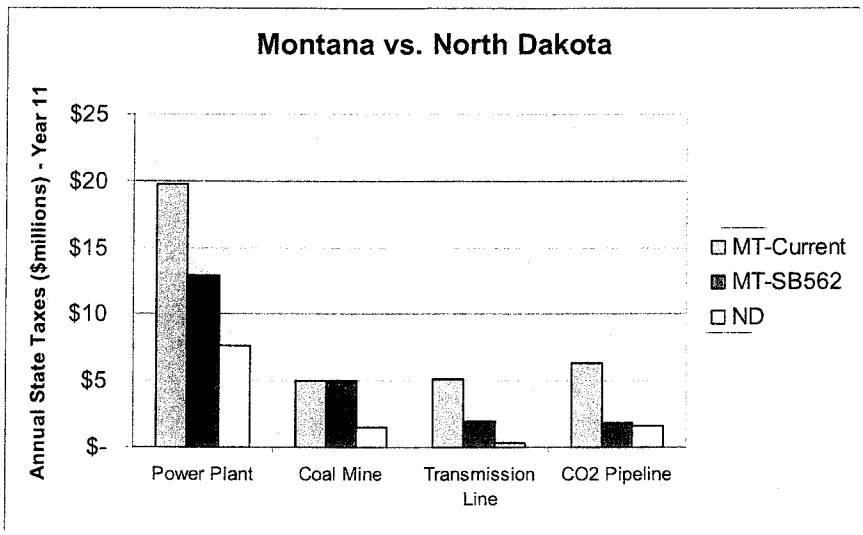


Using the slightly different tax implications of employing lignite coal in North Dakota, the hypothetical facility would pay $25 million less in annual state taxes if it were located in North Dakota as compared to Montana. If all of the incentives proposed in SB562 were to become law, this tax burden difference would fall to $10.5 million. However, certain temporary tax incentives offered in North Dakota would increase this difference in tax burdens to about $13 million during the first five years of operation.

Annual Tax Burden Comparison – MT vs. ND (million)

	MT-Current	MT-SB562	ND
Power Plant	$ 19.72	$ 12.86	$ 7.69
Coal Mine	$ 5.05	$ 5.05	$ 1.51
Transmission Line	$ 5.08	$ 1.94	$ 0.32
CO2 Pipeline	$ 6.28	$ 1.89	$ 1.66
Total	$ 36.14	$ 21.74	$ 11.18



Summary

Based upon an evaluation of tax burdens in Montana, Wyoming, and North Dakota, a hypothetical energy conversion facility which included a coal mine, IGCC power plant with carbon capture/sequestration, transmission lines, and pipelines for CO2 transport, would pay substantially more in state taxes if it were constructed and operated in Montana than if it was located in Wyoming or North Dakota. Under current tax laws, the additional annual state tax burden in Montana is about $25 million compared to Wyoming or North Dakota. If the relevant property tax reductions proposed in Montana SB562 were placed into the Montana tax code, the additional tax burden paid for Montana operation relative to Wyoming or North Dakota would be about $10 million annually.